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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA**

YELLOWCAKE, INC., a California
corporation,

Plaintiff,

v.

HYPHY MUSIC, INC.,

Defendant.

**Case No.: 1:20-CV-00988-DAD-
BAM**

Assigned to the Hon.
Magistrate Judge: Barbara A.
McAuliffe

**JOINT REPORT OF PARTIES
PURSUANT TO F.R.C.P. RULE 26**

Date: July 27, 2021
Time: 9:30 AM

CONFERENCE WILL BE
TELEPHONIC

HYPHY MUSIC, INC.,)
)
Counterclaimant,)
)
v.)
)
YELLOWCAKE, INC., COLONIZE)
MEDIA, INC., JOSE DAVID)
HERNANDEZ, JESUS CHAVES, SR.,)

Counterdefendants.

TO ALL PARTIES AND TO THE COURT:

Plaintiff/Counterdefendant YELLOWCAKE, INC. (“Plaintiff”) and Counterdefendant COLONIZE MEDIA, INC. and JOSE DAVID HERNANDEZ (“Counterdefendant”) (collectively, “Plaintiff/Counterdefendants”) by and through their counsel of record, Seth L. Berman of Abrams, Fensterman, Fensterman, Eisman, Formato, Ferrara, Wolf & Carone, LLP, and Thomas P. Griffin, Jr. of Hefner Stark & Marois, LLP and Defendant/Counterclaimant HYPHY MUSIC, INC. (“Defendant/Counterclaimant”), by and through their counsel of record, George L. Prajin, Esq. of Lopez and Prajin, respectfully submit the following Joint Report of the Parties’ Early Meeting of Counsel.

In accordance with Rule 26(f) of the Federal Rules of Civil Procedure and respective counsel for Plaintiff and Defendants held an early meeting of counsel on September 30, 2020 and discussed the following:

JOINT RULE 26(F) REPORT:

A. STATEMENT OF THE CASE/STATEMENT OF FACTS

Plaintiff/Counterdefendants’ Statement

Plaintiff Yellowcake, Inc. (“Yellowcake” or “Plaintiff”), is primarily engaged in the business of exploiting intellectual property rights. Counterdefendant Colonize is a company primarily engaged in the business of digital music distribution.

1 Counterdefendant Hernandez is the principal of both Colonize and Yellowcake. On or
2 about March 21, 2019, Yellowcake and Counterdefendant Chavez entered into an Asset
3 Purchase and Assignment Agreement (hereinafter referred to as “the APA Agreement”)
4 whereby Yellowcake purchased the entirety of Chavez’s ownership of the rights, title
5 and interest in the sound recordings that comprise the albums of Chavez’s musical group
6 Los Originales De San Juan (hereinafter referred to as “Yellowcake’s Copyrighted
7 Works”). Chavez is the founder and principal of Los Originales De San Juan, which
8 specializes in regional Mexican music..

9 Following that transaction, Yellowcake complied in all respects with the provision
10 of the Copyright Act, 17 U.S.C. § 101 *et seq.*, by registering copyrights for the sound
11 recordings that comprise Yellowcake’s Copyrighted Works and recording the written
12 assignment of the Copyrighted Works with the United States Copyright Office. As a
13 result, Plaintiff was issued a Certificate of Registration for each copyrighted sound
14 recording that comprises Yellowcake’s Copyrighted Works. All of Yellowcake’s
15 Copyrighted Works are and were published with a copyright notice.

16 Notwithstanding, Yellowcake came to learn that Defendant/Counterclaimant
17 Hyphy was engaging in unauthorized exploitations of Yellowcake’s Copyrighted Works
18 in violation of Yellowcake’s exclusive rights under 17 U.S.C. § 106 by selling,
19 reproducing, synchronizing, distributing and publicly performing the Copyrighted
20 Works via digital transmission on online platforms. In addition, Yellowcake learned that
21 Hyphy unlawfully created and/or uploaded and/or facilitated the uploading of videos
22 containing unauthorized derivative works containing Yellowcake’s Copyrighted Works
23 to YouTube.

24 In or around May and June 2020, Plaintiff sent Defendant a cease and desist letter
25 in which Plaintiff notified Defendant of its unauthorized exploitation of Yellowcake’s
26 Copyrighted Works. Nevertheless, despite being on notice of its infringement, Hyphy
27 has continued its unauthorized exploitation of Yellowcake’s Copyrighted Works and
28

1 continues to benefit from said unauthorized exploitations to date, all to Yellowcake's
2 detriment.

3 Faced with Defendant's refusal to cease exploiting its Copyrighted Works,
4 Yellowcake filed this action on July 16, 2020, in the United States District Court for the
5 Eastern District of California. Plaintiff's Complaint asserted a claim of federal copyright
6 infringement and sought related injunctive relief.

7 On August 19, 2020, Hyphy filed its Answer. Hyphy also filed Counterclaims on
8 August 19, 2020, against Plaintiff Yellowcake and Counterdefendants Colonize and
9 Hernandez, alleging federal copyright infringement and seeking related injunctive relief,
10 as well as state law claims of unfair competition under Cal. Bus. & Prof. Code § 17200,
11 intentional interference with prospective business advantage, intentional interference
12 with contractual relations and conversion.

13 On August 28, 2020, Defendant filed its First Amended Counterclaims, alleging
14 identical counterclaims.

15 **Defendants'/Counterclaimants Statement**

16 In a transparent attempt to gain leverage in the parties' developing dispute,
17 Yellowcake rushed to be the first to file a complaint, contending that they have
18 "complied in all respects with the provisions of the Copyright Act" and that Hyphy
19 Music's actions in exploiting its rights in the Los Originales Albums are
20 "unauthorized."

21 Hyphy Music is a record label in the business of producing, manufacturing,
22 distributing, exploiting, selling and licensing sound and audiovisual recordings and
23 artwork in the United States. Hyphy Music commissioned Counter-defendant Chavez
24 to provide recording artist services on sound and audio-visual recordings embodied on
25 various albums and purchased rights in tangible Masters.

26 Pursuant to that Agreement, Hyphy Music contributed original authorship to the
27 creation of the Los Originales Albums by selecting the musical compositions,
28 commissioning and directing engineers and directors and/providing such services

1 itself, directing the recording of the musical performances to be embodied on the Los
 2 Originales Albums and videos, and producing the Los Originales Albums and videos,
 3 additionally Hyphy paid for all production costs and paid Counter-defendant Chavez
 4 for all rights title and interest in the tangible Masters and intellectual property
 5 embodied on the tangible Masters. Hyphy Music also produced, created and designed
 6 the album cover art associated with the Los Originales Albums. As a result of all of
 7 these contributions of original authorship, Hyphy Music is a joint author owner of
 8 copyrights in the Originales Albums and accordingly registered copyrights in such
 9 albums and videos. Moreover, at the minimum Hyphy Music is valid licensee of the
 10 copyrights in Los Originales Albums.

11 Counter-defendant Jose David Hernandez is a principal of both Yellowcake and
 12 Counter-defendant Colonize Media, Hernandez intentionally and willfully mislead
 13 Chavez into wrongfully transferring Counter-defendant Chavez's ownership and rights
 14 in the Los Originales Albums to Yellowcake.

15 On April 2019, Counter-defendant Chavez breached the agreement by without
 16 limitation, purportedly transferring, licensing, selling, and/or authorizing Counter-
 17 defendants Yellowcake Colonize to exploit the Tangible Masters and Los Originales
 18 Albums and Cover Art.

19 Counter-defendants, Yellowcake and Colonized Media are unlawfully
 20 distributing, selling, and commercially exploiting the copyrights in and to the Los
 21 Originales Albums without Hyphy Music's authorization. Yellowcake is unlawfully
 22 claiming ownership in the tangible masters embodying the sound recordings thereof.
 23 Yellowcake did all this despite not having any license or other authorization from
 24 Hyphy Music. Plaintiff along with Counter-defendants are engaged in any wrongful
 25 or unauthorized exploitation of any Los Originales sound recordings, copyrights,
 26 masters.

27 B. SUBJECT MATTER JURISDICTION
 28

This action arises out of 17 U.S.C., §501 and 504. The Court has jurisdiction over the subject matter pursuant to 28 U.S.C. §1338(a).

C. LEGAL ISSUES

Plaintiff/Counterdefendants' Statement

This action pertains to the unlawful exercise of rights belonging to Yellowcake by Defendants in works of authorship protected under the U.S. Copyright Act in the form of the continuous unauthorized distribution of such copyrighted works of authorship causing damage to Yellowcake as a result of the same.

Defendants'/Counterclaimants' Statement

This action pertains to the unlawful exercise of rights belonging to Hyphy by Defendants Yellowcake in works of authorship protected under the U.S. Copyright Act in the form of the continuous unauthorized distribution of such copyrighted works of authorship causing damage to Hyphy Music as a result of the same. The action also pertains to exercise of Defendants Yellowcake of the rights in works of authorship by joint owners of such rights, subject only to the duty of accounting imposed by the U.S. Copyright Act. Further, this action pertains to the damages caused by Yellowcake's activities of knowingly and materially misrepresenting Yellowcake's rights in the its catalogs of music and Yellowcake's activities with respect to the lawful distribution of its catalog of music being infringe upon.

This action further pertains to Intentional Interference With Prospective Business Advantage, Intentional Interference with Contractual Relations, Unfair Business Practices, and Conversion by Defendants of tangible rights in Masters.

D. PARTIES AND EVIDENCE

Plaintiff

Parties: Yellowcake, Inc.

Witnesses: Jose David Hernandez, Kevin Berger, Jesus Chavez, a representative from www.YouTube.com.

Key Documents/Evidence:

- i. Written Contracts between Plaintiff, Defendants and Defendants' predecessors in interest;
- ii. Email Correspondence between Plaintiff and Defendants;
- iii. Documents concerning Defendants' unauthorized sale of copyrighted works owned and/or controlled by Plaintiff;
- iv. Records of music sales, advertising revenues, and other income derived by Plaintiff through all distribution channels, websites and platforms as a result of the distribution by Defendants of Plaintiff's catalogs of music.
- v. Various copyright registrations;
- vi. Copies of the allegedly infringed copyrighted works and copyrighted works owned and/or controlled by Plaintiffs;
- vii. Documentation from YouTube showing Defendant Hyphy's unlawful trespass and destruction of Plaintiff's data;
- viii. Documents substantiating the damages sustained by Plaintiff.

Defendants/Counterclaimant:

Parties: Hyphy Music

Witnesses: Chavez, Omar Rosales, Jorge Garcia, Al Perez, Jose Jesus Chavez Jr, Marcelino Mendoza, Jose David Hernandez, Kevin Berger, Jesus Chavez, Christopher Jorge Ramirez, Jose A. Martinez, Marcelino Mendoza, Chuck Films, and a representative from www.YouTube.com.

Key Documents/Evidence:

- i. Studio and engineer Invoices, checks, bank cash withdrawals receipts;
- ii. Master audio and video recording files, artwork files;
- iii. Documents concerning s' unauthorized sale of copyrighted works owned and/or controlled by Defendants/Counterclaimant;
- iv. Records of music sales, advertising revenues, and other income derived by Defendants/Counterclaimant through all distribution channels, websites and platforms

1 as a result of the distribution by Plaintiffs' of Defendants/Counterclaimant's catalogs of
2 music.

- 3 v. Various copyright registrations;
- 4 vi. Copies of the allegedly infringed copyrighted works and copyrighted works
5 owned and/or controlled by Defendants/Counterclaimant;
- 6 vii. Documentation from YouTube showing Plaintiffs' unlawful trespass and
7 destruction of Defendants/Counterclaimant's data;
- 8 viii. Documents substantiating the damages sustained by
9 Defendants/Counterclaimant/

10 **Counterdefendants:**

11 **Parties:** Yellowcake, Inc., Jose David Hernandez and Colonize Media, Inc.

12 **Witnesses:** Same as Plaintiff's.

13 **Key Documents/Evidence:** Same as Plaintiff's.

14 **E. DAMAGES**

15 **Plaintiff/Counterdefendants**

16 Pursuant to 17 U.S.C. § 504(c), Yellowcake is entitled to recover from
17 Defendants' its actual damages or up to One Hundred Thousand Dollars (\$150,000.00)
18 in statutory damages for each work identified as "Yellowcake's Copyrighted Music" as
19 a result of Defendants' acts of copyright infringement. The total actual damages are not
20 readily ascertainable but - based on the pervasive and willful nature of the infringement
21 are believed to be in excess of One Million Fifty Thousand Dollars (\$1,050,000.00).

22 **Defendants/Counterclaimant:**

23 Pursuant to 17 U.S.C. § 504(c), Hyphy Music is entitled to recover from
24 Defendants' its actual damages or up to One Hundred Thousand Dollars (\$150,000.00)
25 in statutory damages for each work identified as "Originales Copyrights" and
26 "Originales Cover Art" as a result of Defendants' acts of copyright infringement. The
27 total actual damages are not readily ascertainable but - based on the pervasive and willful
28

1 nature of the infringement are believed to be in excess of One Million Fifty Thousand
2 Dollars (\$1,050,000.00).

3 As a proximate result of Counter-defendant Chavez's breach, Counterclaimant
4 has been damaged in an amount of \$1,000,000.00

5 Damages to be proved at trial in regards to Intentional Interference With
6 Prospective Business Advantage, Intentional Interference with Contractual Relations,
7 Unfair Business Practices, and Conversion by Defendants of tangible rights in Masters.

8 **Defendants**

9 The action also pertains to exercise of Defendants/Counterclaimant of the rights
10 in works of authorship by joint owners of such rights, subject only to the duty of
11 accounting imposed by the U.S. Copyright Act. Defendants allege that Plaintiff is
12 barred from seeking attorneys' fees or statutory damages because Plaintiff failed to
13 timely register the work at issue under 17 U.S.C. §§ 411 and 412.

14 F. **INSURANCE**

15 Neither party has insurance coverage for the claims at issue in this case.

16 G. **MOTIONS**

17 **Plaintiff**

18 Plaintiff and Counterdefendants believe that they will file a motion to dismiss the
19 Counterclaims and that Plaintiff will move for summary judgment on the issue of
20 liability.

21 H. **STATUS OF DISCOVERY**

22 The parties have not yet begun discovery.

23 I. **DISCOVERY PLAN**

24 **Plaintiff**

25 Plaintiff will be serving Interrogatories, Requests for Admissions and Requests
26 for Documents on Defendants shortly and anticipates completing written discovery by
27 December 21, 2020. Plaintiff will be taking the depositions of the four defendants and
28 anticipates completing that by February 3, 2022. Plaintiff intends to conduct discovery

1 on the failure of Defendants to abide by their contractual obligations, the infringement
2 of Plaintiff's copyrights, the amount of revenue earned by Defendants from the
3 copyright infringement and Defendants interference with Plaintiff's ability to post
4 videos on YouTube and otherwise digitally license, sell or distribute their music.

5 **Defendants/Counterclaimant**

6 Defendants/Counterclaimant will be compounding Interrogatories, Request for
7 Documents and Request and setting depositions with a completion date of February 3,
8 2022.

9 J. **DISCOVERY CUT-OFF**

10 The parties propose a Discovery Cut-Off date of March 28, 2022.

11 K. **EXPERT DISCOVERY**

12 Expert Witness Disclosure Date: April 29, 2022.

13 Rebuttal Disclosure date: May 16, 2022.

14 Expert Discovery Cut-off: June 16, 2022.

15 L. **PROTECTIVE ORDER**

16 The parties may need a protective order and may endeavor to stipulate to same.

17 M. **DISPOSITIVE MOTIONS**

18 **Plaintiff**

19 Plaintiff believes that the issue of copyright infringement may be determined on
20 a motion for summary adjudication.

21 **Defendants**

22 Defendants may elect to file a motion for summary judgment.

23 M. **SETTLEMENT/ADR**

24 There have been no settlement discussions between the parties as of yet. The
25 Plaintiff/Counterdefendant chooses ADR Procedure No. 1. The ADR Session should
26 occur by February 3, 2022.

27 N. **TRIAL ESTIMATE**

1 The parties estimate that the trial will take 8-10 days. Plaintiff estimates calling
2 4-5 witnesses. Defendant estimates calling 4-6 witnesses. Additionally, the court
3 should be aware that many of the witnesses are native Spanish speakers and translators
4 will be necessary.

5 O. LEAD TRIAL COUNSEL

6 Plaintiff's Lead Trial Counsel is Seth L. Berman.

7 Defendants' Lead Trial Counsel is George L. Parjin.

8 P. INDEPENDENT EXPERT OR MASTER

9 The parties do not believe that an independent expert or master is needed.

10 Q. TIMETABLE

11 See Attachment.

12 R. MAGISTRATE JUDGE

13 The parties have not agreed to have the case tried before a magistrate judge.

14 S. OTHER ISSUES

15 There are no other issues to be addressed at this time.

16 DATED: July 16, 2021

RESPECTFULLY SUBMITTED,

17 ABRAMS, FENSTERMAN, FENSTERMAN,
18 EISMAN, FORMATO, FERRARA, WOLF &
19 CARONE, LLP

20 By: /s/ Seth L. Berman

Seth L. Berman

21 Attorney for Plaintiff Yellowcake, Inc. and
22 Counterdefendants Yellowcake, Inc., Colonize
23 Media, Inc. and Jose David Hernandez.

24 DATED: July 20, 2021

LOPEZ AND PRAJIN

25 By: /ARL/

26 Anthony R. Lopez, Esq.

27 Attorneys for Defendant/Counterclaimant Hyphy
28 Music, Inc.